

Message Text

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DRAFTED BY EUR/WE GFOURIER:GF

APPROVED BY EUR/WE MR. BARBOUR

L/EUR-MR. RUSSEL (SUBSTANCE)

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 263970

E.O. 11652:GDS

TAGS: BGEN, PO

SUBJECT: SIGNETICS' FINANCIAL PROBLEMS

REF: (A) LISBON 6554 (B) LISBON 6488

(1) DEPARTMENT CONTACTED SIGNETICS' EXECUTIVE AANESTAD NOV. 6 AND INFORMED HIM CONTENTS PARAS 1 AND 2 REF. (A). AANESTAD REQUESTED EMBASSY NOT RPT NOT PROVIDE PORTUGUESE TREASURY SECRETARY WITH PAPER RE FIRM'S DIFFICULTIES. HE SAID HE WISHED AT ALL COST TO AVOID GIVING PORTUGUESE OFFICIALS MATERIAL WHICH COULD LEAD TO IDENTIFICATION OF SIGNETICS AS FIRM INTENDING TO CLOSE PORTUGUESE OPERATION.

(2) AANESTAD POSED TWO QUESTIONS WHICH HE FELT COULD BE USEFULLY ADDRESSED IN PORPOSED EMBASSY REAPPROACH TO TREASURY SECRETARY, BUT STRESSED THAT QUESTIONS SHOULD BE POSED IN CONTEXT WHICH WOULD INSURE THAT SIGNETICS NOT BE CONFIDENTIAL

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IDENTIFIED AS CONCERNED FIRM:

(A) IN GENERAL TERMS, WHAT GOP ASSISTANCE IS AVAILABLE TO FOREIGN-OWNED EXPORTING FIRM EMPLOYING SEVERAL HUNDRED PORTUGUESE WORKERS WHICH IS LOSING MONEY TO THE EXTENT THAT IT MAY NO LONGER BE ABLE TO MAINTAIN ITS PRESENCE IN PORTUGAL?

(B) WHEN WILL 'NEW ECONOMIC PROGRAM' BE ANNOUNCED, AND WHAT SPECIFIC MEASURES REGARDING POSSIBLE AUSTERITY DRIVE (SUCH AS WAGE AND PRICE FREEZES) WILL BE INCLUDED IN

PROGRAM?

(3) IN VIEW OF SIGNETICS' ANXIETY OVER POSSIBLE INADVERTANT DISCLOSURE OF FIRM'S INTENTIONS, DEPARTMENT REQUESTS THAT ANY EMBASSY APPROACH TO GOP OFFICIALS CAREFULLY AVOID IMPLICATION THAT DIFFICULTIES OF ANY SPECIFIC FIRM HAVE MOTIVATED APPROACH. EMBASSY COULD STATE THAT QUERY IS MOTIVATED BY GENERAL CONCERN FOR SMALL US-OWNED FIRMS PRESENTLY IN SEVERE FINANCIAL DIFFICULTY AND DESIRE TO AVOID INCREASING UNEMPLOYMENT IN PORTUGAL BY CLOSURE OF SUCH FIRMS.

(4) FYI: AANESTAD SAID SIGNETICS WILL ALMOST INEVITABLY BE FORCED TO CLOSE ITS PORTUGUESE OPERATION, BUT HAS DECIDED FOR THE PRESENT NOT TO IMPLEMENT DECISION UNTIL ANNOUNCEMENT OF AUSTERITY PROGRAM. END FYI. KISSINGER

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